GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

UNSTARRED QUESTION NO:3243
ANSWERED ON:14.12.2006
REVISION IN PRICES OF NATURAL GAS
Owaisi Shri Asaduddin

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether subsidised gas sold under Administered Pricing Mechanism (APM) is provided largely to the key infrastructure sectors like fertilizers and power;

(b) if so, whether the Government proposes an upward revision in the administered prices for natural gas to Rs. 3500 per million cubic meters (Mscm) from Rs. 3200;

(c) if so, whether this move has been done on the basis of representation received from Oil and Natural Gas Corporation (ONGC) and its joint ventures;

(d) if so, the details thereof;

(e) whether rising APM is likely to affect mostly power and fertilizer sector;

(f) if so, the details thereof; and

(g) the time by which a final decision is likely to be taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF PETROLEUM & NATURAL GAS (SHRI DINSHA PATEL)

(a): Yes, Sir.

(b) to (d): While revising the price of APM gas to Rs. 3200/ MSCM as an ad hoc measure, it was, inter alia, decided by the Government that the determination of producer price of gas from ONGC and OIL fields be referred to Tariff Commission. The price determination is under examination.

(e) & (f): APM gas is a diminishing supply source as the output from the nominated blocks/wells is declining. It will have to be progressively replaced by other gas. Out of the total APM supply of about 52.00 MMSCMD, customers in power and fertilizers sector are getting about 24 MMSCMD and about 16 MMSCMD respectively. However, the customers in power and fertilizers sector are already consuming about 15 MMSCMD and about 13 MMSCMD of gas respectively at market rate.

(g): The issue is under examination.